LETTER OF INTENT

Point Foundation respectfully requests a grant of $125,000 from the Surdna Foundation to support Phase I (scheduled for 1996, total cost $284,000) of *Whole Earth Review* 's six-year Circulation Expansion Project, 1996-2001.

BACKGROUND

Point Foundation was founded as a non-profit 501(c)(3) organization in 1971. Through its publications, *Whole Earth Review* (*WER*) and the *Whole Earth Catalog, (WEC)* it has been the hub of an international network of creative thinkers and catalysts for more than twenty-five years. Point's mission is to evaluate and provide access to tools and ideas that encourage and educate people to think for themselves and act to promote biodiversity, global sustainability, world peace, the empowerment of women, and cultural survival. In 1994, the Point Board and administration committed themselves to bringing *WER*'s circulation to the level where (a) operations can be funded by earnings, through higher overall income and lower per-unit costs; and (b) *Whole Earth Review* can have the impact which its content merits.

WER's current circulation is 30,000, with subscribers in 92 countries. Earned income from subscriptions and sales meets 75 percent of Point expenses. Point has committed itself to a six-year plan to expand readership, achieve self-sufficiency, and take our message to a wider audience, while keeping *WER*'s editorial independence by maintaining its policy of accepting no advertising. We have strong indicators that these goals are achievable. Point has been largely self-supporting through most of its 27-year history. A Stanford University Graduate School of Business Consulting Team analysis of *Whole Earth Review*'s market potential concluded that *WER* has strong reader involvement, high satisfaction, and no fundamental "product" problems, and that *WER* has good potential to reach its circulation targets through a series of well-structured campaigns.

WER maintains renewal rates of 70%, higher than the industry average. Our research shows that *WER* readership is multiplied several times: Readers save their magazines for many years, treating them as they would books. A high percentage of those surveyed said they look at issues more than nine times and that six other people typically read each issue. These figures show *Whole Earth Review* to be a satisfactory and popular product.

PROJECT DESCRIPTION

This project will cost a total of $900,000 over the 1996-2001 period. We project that these efforts will net approximately half of the overall funds required, although most of the revenue will not be generated until 1997/98. It will be directed Circulation Director Meg Clark (formerly of *Utne Reader*), assisted by chief consultant Shirrel Rhoades, formally president/publisher of Opportunity Associates, vice president/group publisher for Scholastic, Inc., vice president/associate publisher of *Harper's*, faculty member at New York University's Center for Publishing, and chair of the Circulation Marketing Committee for the Magazine Publishers of America.

GOALS

- Increase the worldwide circulation of *Whole Earth Review* from **30,000 to 50,000** (an average of 10 percent per year) between 1996-2001.

- Increase revenue from $751,000 to $1,192,000 per year by 2001 and decrease per-unit costs by 22 percent, to enable Point Foundation to achieve operational self-sufficiency.

- Through expanded readership, increase public awareness worldwide with regard to the critical issues facing the global community.

MARKETING STRATEGY

Of the four kinds of subscription sources - renewals, gift subscriptions, new business, and newsstand — renewals and gift subscriptions are the most vital. In order to maintain the strength of these sources, we will conduct several tests including new creative prices and offers throughout each phase of the project.

Direct mail is the most specific means of targeting our market. By mailing one million pieces, we can virtually double our current subscriber base. Because this is the most expensive way to market, an initial mailing of one hundred to two hundred thousand will be conducted, to test lists and offers.

This project will eventually reach approximately four million potential subscribers through advertising, card decks, package inserts and direct mail.

Phase I 1996-1997

We will use several sources to identify potential *Whole Earth Review* readers:

- Past direct mail campaigns
- Our own list rental history
- Magazines with similar editorial focus (*Utne Reader/E Magazine/Mother Jones*)
- Catalogs selling environmentally-friendly products
- Fund-raising lists with similar beliefs
- Independent research

We will then undertake a series of key test promotions that will enable us to determine the most effective means to *WER*'s circulation goals including the following:

<u>Newsstand</u> - To increase exposure and distribution in college, natural food and specialty bookstores nationwide, we will advertise in trade publications, attend trade shows and mail press releases and promotions to newsstand lists.

<u>Direct Mail</u> - We will test and evaluate magazine and fund-raising lists. List examples include *Utne Reader* and *New Age Journal*.

Card Decks - A subscription and/or Catalog offer will be included into a pack of cards mailed to specific lists, such as *Organic Gardening*.

Outside Advertising - There are several reader service programs we will test for *WER* in publications such as *Utne Reader, E Magazine and New Age Journal*. Through these, we will sell a sample issue of *WER* and include a special subscription offer with the sample.

In-House Advertising - We currently run advertisements, bind-in and blow-in cards in *WER* for regular and supporting subscriptions, and for Catalog sales. The Catalog ads, along with direct mail solicitation of subscribers, have yielded several thousand individual sales. We will include *WER* subscription offers in all *Millennium Whole Earth Catalog (MWEC)* reprints.

Package Inserts - This is a program through which we include a *WER* subscription offer with the product shipments from other catalogs.

Internet Sales - We are currently testing subscription and Catalog sales via the *Electronic News stand* and *The World Wide Web* in separate contracts.

Gift Promotion - A series of mailings will be sent to all current subscribers offering gift subscriptions and Catalogs.

Non-Profit Promotions - We will explore Catalog sales through other organizations that can sell *MWEC* at a discount or use them as premiums.

Trade Shows - We will increase exposure by exhibiting at trade shows including alternative energy/ whole earth and natural living conventions and book fairs.

Phase II - 1997

Revise and refine test plans based on Phase I analysis.

Phase III 1998-2001

Create a rollout effort based on the findings of Phases I and II.

POINT FOUNDATION 1995-98

Year	1995 Budget	1996	1997	1998
CIRCULATION				
Average # Subscriptions	18,163	22,000	26,400	30,680
Newsstand Sale per Issue	16,320	18,878	21,710	24,900
Misc. Printing	1,695	1,500	1,500	1,500
Subs. Print/Year	72,652	88,000	105,600	122,720
Newsstand Print/Year	130,560	157,065	180,625	207,168
Total Print	203,212	245,065	286,225	331,388
REVENUE				
Subscriptions	345,097	430,122	516,146	599,825
Back Issue Sales	2,887	3,268	3,699	4,187
Newsstand	168,047	225,335	259,136	297,216
List Rental	30,600	34,636	39,205	44,376
Unclassified Sales	4,867	5,509	6,236	7,058
WER Royalties	3,698	3,805	3,916	4,029
Payroll Deductions	4,515	4,646	4,781	4,919
Expected Gifts and Grants	25,000	25,725	26,471	27,239
Miscellaneous	6,553	6,743	6,939	7,140
MWEC Sales & Royalties	54,379	102,000	42,000	30,000
TOTAL REVENUE	**645,643**	**841,789**	**908,527**	**1,025,988**
EXPENSES				
Personnel				
Subtotal Salaries	224,010	230,506	237,191	244,070
Health/Dental	23,587	24,271	24,975	25,699
Payroll Taxes @ 13%	29,121	29,966	30,835	31,729
State Comp Insurance	1,820	1,873	1,927	1,983
Retirement/Disability	2,927	3,012	3,099	3,189
Subtotal Personnel	281,465	289,628	298,027	306,670
WER Production				
Printing/Mailing	130,943	199,361	232,873	268,300
Postage: Subscriptions	21,543	28,160	33,792	39,270
Freight: Subscriptions	11,043	9,040	10,448	11,818
Freight: Newsstand	23,200	18,706	21,062	23,717
Production Services	2,350	2,418	2,488	2,560
Content and Cover	44,000	45,276	46,589	47,940
Subtotal Production	233,079	302,961	347,253	393,606
WER Subscription/Fulfillment				
Fulfillment	48,338	53,480	59,376	65,111
List Rental Expenses	9,180	10,391	11,761	13,313
Refunds	1,645	1,645	1,645	1,645

Back Issue Postage & Storage	4,218	3,600	3,704	3,812
Subtotal Subsc/Fulfill	63,381	69,116	76,487	83,881
Contract Services				
Accounting/Tax Preparation	2,400	2,400	2,400	2,400
Legal Fees	420	420	420	420
Bookkeeping	10,938	10,320	10,619	10,927
Janitorial	2,700	2,778	2,859	2,942
Security	500	500	500	500
Clipping Service	1,443			
Other Contract Services	200	200	200	200
Subtotal Contract Services	18,601	16,618	16,998	17,389
Office and Administration				
Bank and Credit Card Fees	3,129	2,800	2,881	2,965
Bad Checks	1,500	1,500	1,500	1,500
Liability/Property Insurance	3,119	3,119	3,119	3,119
Sales Tax	1,092	750	772	794
Other Taxes and Fees	710	710	710	710
Building Rental	44,230	44,230	45,513	46,833
Container Rental	6,720	6,720	6,720	6,720
Utilities	3,300	3,396	3,494	3,596
Telephones	5,500	5,660	5,824	5,993
Long Distance	6,125	6,303	6,485	6,673
Postage/Shipping	7,200	7,409	7,624	7,845
Supplies	3,600	3,704	3,812	3,922
Library and Subscriptions	1,800	1,852	1,906	1,961
Moving Expenses	504			
Equipment Purchase	100	103	106	109
Equipment Rental/Maintenance	1,200	1,235	1,271	1,307
Travel and Entertainment	800	823	847	872
Miscellaneous	400	412	424	436
Subtotal Office/Administration	91,029	90,725	93,006	95,354
MWEC				
Buy From Harper	22,500	4,500	4,500	4,500
Shipping	10,303	1,500	1,500	1,500
Subtotal MWEC Expenses	32,803	6,000	6,000	6,000
Circulation/Fund Devlopment				
Subscription Development	105,000	200,000	127,500	100,000
Insert Cards	1,500	1,500	1,500	1,500
End of Year Mailing	7,500	7,500	7,500	7,500
Grant Proposal Expenses	1,000	1,000	1,000	1,000
MWEC Update	3,500			
Subtotal Sub/Fund Development	118,500	210,000	137,500	110,000
OPERATIONS EXPENSE	**838,859**	**985,048**	**975,271**	**1,012,899**
SURPLUS/(DEFICIT)	**(193,216)**	**(143,259)**	**(66,744)**	**13,089**

Revenue −16
Ex +6
−10

POINT FOUNDATION 1995-98

1995 FUNDS TO BE RAISED

6/9/95

Year	1995 Budget	NEW	1996	1997	1998
CIRCULATION					
Average # Subscriptions	18,163		22,000	26,400	30,680
Newsstand Sale per Issue	16,320		18,878	21,710	24,900
Misc. Printing	1,695		1,500	1,500	1,500
Subs. Print/Year	72,652		88,000	105,600	122,720
Newsstand Print/Year	130,560		157,065	180,625	207,168
Total Print	203,212		245,065	286,225	331,388
REVENUE					
Subscriptions	345,097	(10)	430,122	516,146	599,825
Back Issue Sales + Single Copy	2,887	+1	3,268	3,699	4,187
Newsstand	168,047	(6.5)	225,335	259,136	297,216
List Rental	30,600	(8)	34,636	39,205	44,376
Unclassified Sales	4,867	+2	5,509	6,236	7,058
WER Royalties	3,698		3,805	3,916	4,029
Payroll Deductions	4,515		4,646	4,781	4,919
Expected Gifts and Grants	25,000		25,725	26,471	27,239
Miscellaneous	6,553		6,743	6,939	7,140
MWEC Sales & Royalties	54,379	5	102,000	42,000	30,000
TOTAL REVENUE	**645,643**	(15.5)	**841,789**	**908,527**	**1,025,988**
EXPENSES		(16)			
Personnel					
Subtotal Salaries	224,010		230,506	237,191	244,070
Health/Dental	23,587		24,271	24,975	25,699
Payroll Taxes @ 13%	29,121		29,966	30,835	31,729
State Comp Insurance	1,820		1,873	1,927	1,983
Retirement/Disability	2,927		3,012	3,099	3,189
Subtotal Personnel	281,465	(8)	289,628	298,027	306,670
WER Production					
Printing/Mailing	130,943		199,361	232,873	268,300
Postage: Subscriptions	21,543		28,160	33,792	39,270
Freight: Subscriptions	11,043		9,040	10,448	11,818
Freight: Newsstand	23,200		18,706	21,062	23,717
Production Services	2,350		2,418	2,488	2,560
Content and Cover	44,000		45,276	46,589	47,940
Subtotal Production	233,079	(2)	302,961	347,253	393,606
WER Subscription/Fulfillment					
Fulfillment	48,338		53,480	59,376	65,111
List Rental Expenses	9,180	(4)	10,391	11,761	13,313
Refunds	1,645	+.8	1,645	1,645	1,645

POINT FOUNDATION 1995-98

Back Issue Postage & Storage	4,218	3,600	3,704	3,812
Subtotal Subsc/Fulfill	63,381	69,116	76,487	83,881
Contract Services				
Accounting/Tax Preparation	2,400	2,400	2,400	2,400
Legal Fees	420	420	420	420
Bookkeeping	10,938	10,320	10,619	10,927
Janitorial	2,700	2,778	2,859	2,942
Security	500	500	500	500
Clipping Service	1,443			
Other Contract Services	200	200	200	200
Subtotal Contract Services	18,601	16,618	16,998	17,389
Office and Administration				
Bank and Credit Card Fees	3,129	2,800	2,881	2,965
Bad Checks	1,500	1,500	1,500	1,500
Liability/Property Insurance	3,119	3,119	3,119	3,119
Sales Tax	1,092	750	772	794
Other Taxes and Fees	710	710	710	710
Building Rental	44,230	44,230	45,513	46,833
Container Rental	6,720	6,720	6,720	6,720
Utilities	3,300	3,396	3,494	3,596
Telephones	5,500	5,660	5,824	5,993
Long Distance	6,125	6,303	6,485	6,673
Postage/Shipping	7,200	7,409	7,624	7,845
Supplies	3,600	3,704	3,812	3,922
Library and Subscriptions	1,800	1,852	1,906	1,961
Moving Expenses	504			
Equipment Purchase	100	103	106	109
Equipment Rental/Maintenance	1,200	1,235	1,271	1,307
Travel and Entertainment	800	823	847	872
Miscellaneous	400	412	424	436
Subtotal Office/Administration	91,029	90,725	93,006	95,354
MWEC				
Buy From Harper	22,500	4,500	4,500	4,500
Shipping	10,303	1,500	1,500	1,500
Subtotal MWEC Expenses	32,803	6,000	6,000	6,000
Circulation/Fund Devlopment				
Subscription Development	105,000	200,000	127,500	100,000
Insert Cards	1,500	1,500	1,500	1,500
End of Year Mailing	7,500	7,500	7,500	7,500
Grant Proposal Expenses	1,000	1,000	1,000	1,000
MWEC Update	3,500			
Subtotal Sub/Fund Development	118,500	210,000	137,500	110,000
OPERATIONS EXPENSE	**838,859**	**985,048**	**975,271**	**1,012,899**
SURPLUS/(DEFICIT)	**(193,216)**	**(143,259)**	**(66,744)**	**13,089**

MC 6/2/5; development; CPI=2.9%

Receivables, Payables and Cash 1/1/95

Receivables	11,199
Payables	100,612
1/1/95 Payables - Receivables	(89,413)
1/1/95 Cash on Hand	120,000
1/1/95 Carryover	30,587

FUNDS NEEDED

Surplus/(Deficit) for Year	(193,216)	(143,259)	(66,744)	13,089
Carryover from Previous Year	30,587			
TOTAL TO BE RAISED	**162,629**	**143,259**	**66,744**	

30, 30, 30 40
26 28 28 28

81,000
15,000
66,000

81,000
- 15,000
66,000

27,000

Dsmas $ ~~60,000~~
$ 60,000

deadpoints. the music ... Memorial

Receivables, Payables and Cash 1/1/95

Receivables	11,199
Payables	100,612
1/1/95 Payables - Receivables	(89,413)
1/1/95 Cash on Hand	120,000
1/1/95 Carryover	30,587

FUNDS NEEDED

For Subscription Development	105,000	143,259	66,744
For Deficit Reduction	57,629		
TOTAL TO BE RAISED	**162,629**	**143,259**	**66,744**